



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-83-2006
September 18, 2006

DEPOSIT INSURANCE COVERAGE

Changes to FDIC Rule for Deposit Insurance Coverage

Summary: The FDIC Board of Directors has permanently adopted the attached final rule to implement provisions of the Federal Deposit Insurance Reform Act of 2005 pertaining to deposit insurance coverage. The Board had issued an interim rule, effective April 1, 2006, to implement the new insurance coverage provisions. The final rule is unchanged from the interim rule, except that the preamble provides a more detailed explanation of the types of retirement accounts included in the rule changes. The final rule takes effect on October 12, 2006.

Distribution:
FDIC-Insured Institutions

Suggested Routing:
Chief Executive Officer
Compliance Officer

Related Topics:
FDIC Deposit Insurance Regulations 12 C.F.R. 330

Attachment:
Final Rule

Contact:
FDIC Call Center, 1-877-275-3342

Note:
FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at www.fdic.gov/news/news/financial/2006/index.html.

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Highlights:

- Effective April 1, 2006, coverage for certain retirement plan deposits increased to \$250,000. The basic insurance limit for other depositors – individuals, joint account holders, businesses, government entities and trusts – remains at \$100,000.
- Pass-through coverage for employee benefit plans is no longer tied to an institution's capital level, although institutions must meet certain capital requirements to accept employee benefit plan deposits.
- The FDIC Board of Directors is authorized to increase the insurance limits for all deposit accounts every five years, beginning in 2011, based on the rate of inflation.
- The FDIC issued an *FDIC Consumer News Special Bulletin* (revised from the April 2006 version) and two statement stuffers to help insured institutions communicate the changes in deposit insurance coverage to employees and customers. PDF copies can be downloaded from the FDIC's Web site at <http://www.fdic.gov/consumers/consumer/news/special/index.html> (for the bulletin) and <http://www.fdic.gov/deposit/deposits/stuffer/index.html> (for the statement stuffers) and may be reproduced without permission from the FDIC.
- This FIL supersedes FIL-27-2006, dated March 28, 2006.